GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1408
ANSWERED ON:08.03.2002
FDI IN BANKS .
AMBATI BRAHMANAIAH

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have permitted 49% FDI in Indian Banks;

(b) if so, the response of the banks to this policy;

(c) whether foreign banks operating in India can buy specific branches of Indian Banks;

(d) if so, the details thereof;

(e) whether there is demand to increase the percentage of FDI in banks;

(f) if so, the reaction of the Government thereto;

(g) whether RBI had made any study on the likely impact of this policy; and

(h) if so, the findings by RBI thereto ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a): The Government has permitted Foreign Direct Investment (FDI) upto 49% from all sources in private sector banks.

(b): Reserve Bank of India (RBI) has reported that it has not received any proposal, as yet, from any bank in this regard.

(c)&(d): There is no restriction on transfer of business between branches of banks operating in India, including foreign banks, against considerations. According to RBI, so far there has been no case of the business of a branch of an Indian domestic bank having been transferred to a foreign bank.

(e)&(g): No, Sir.

(f)&(h): Do not arise.